

# Closer Sri Lanka-India economic and defence ties

Wije Dias

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The recent visit by Sri Lankan Prime Minister Ranil Wickremesinghe to India points to the broader economic and strategic interests involved in the current attempts to restart negotiations to end the country's longrunning civil war.

Wickremesinghe and Indian Prime Minister Atal Behari Vajpayee issued a joint statement after meeting in New Delhi on October 21 announcing plans to expand economic cooperation and to formalise defence ties between the two countries. The plans were broadly hailed by big business and the media in Colombo, which senses an opportunity for carving out a key role for Sri Lanka in the region—in alliance with India and the United States in particular.

A Comprehensive Economic Partnership Agreement, based on a statement already prepared by a joint committee, is scheduled to be signed in March 2004. The proposal will widen the existing free trade agreement, dealing with goods, to include services and to facilitate greater investment flows between the two countries. The initial deal, which became operational in March 2002, has already significantly lifted trade between the two countries.

The latest agreement is another boost to Wickremesinghe's plans to transform Sri Lanka into an investment and trade hub for South Asia, in order to resuscitate the economy after two decades of devastating war. The ruling United National Party (UNP) government released its "Regaining Sri Lanka" program in May, setting out ambitious economic restructuring proposals aimed at slashing the public sector and transforming the island into a South Asian equivalent of Singapore.

Already there is a flurry of economic activity in Colombo. The major five star hotels are booked out, with business delegations from around the world

engaged in trade fairs, business conventions and marketing forums. Free trade agreements are being negotiated not only with India, but with the US, Pakistan and Singapore. Investors have their eye on the potential profits to be made from rebuilding Sri Lanka's infrastructure and exploiting the country's supply of cheap, educated labour, as well as turning Sri Lanka into a base for regional operations.

The Wickremesinghe-Vajpayee statement also called for closer defence ties, declaring: "India will maintain an abiding interest in the security of Sri Lanka and remains committed to its sovereignty and territorial integrity". The defence secretaries of the two countries will meet in the near future to establish the basis for a Defence Cooperation Agreement. Defence ties have already been growing—last year India trained over 2,000 Sri Lanka security personnel as compared to just 700 in the year 2000.

But these growing defence and economic ties could rapidly unravel if a peace deal is not reached between Colombo and the Liberation Tigers of Tamil Eelam (LTTE). Wickremesinghe's trip to India came just 10 days before the LTTE released its proposals for an interim administration in the north and east of the island, as the basis for restarting stalled negotiations.

The joint statement was aimed at maximising pressure on the LTTE prior to the announcement of its proposals. It reiterated that any interim arrangement should be within "the framework of the unity and territorial integrity of Sri Lanka"—firmly ruling out the LTTE's previous demands for an independent statelet. The two prime ministers also called on the LTTE to ensure that its plan for an interim administration be "reasonable and comprehensive."

In a thinly disguised warning, the statement called for "concerted opposition to terrorism," adding that "there

can be no justification for terrorism, be it political, religious or ideological.” India, along with the US and a number of other countries, has formally branded the LTTE as a terrorist organisation. Taken as a whole, the declaration indicates that India intends to play a larger role in Sri Lankan affairs, including using its considerable political and military muscle to pressure the LTTE to reach a deal with Colombo.

The LTTE reacted sharply to India’s implied threat. An editorial in the pro-LTTE *Tamil Guardian* warned that “Wickremesinghe’s public courting of Delhi has struck a raw nerve and revived unpleasant memories.” It accused the Sri Lankan prime minister of attempting to “coerce the LTTE into a political solution as opposed to co-operatively negotiating one.” The paper also accused Wickremesinghe of “turning what ought to be a process of conflict resolution into one of military blackmail.”

The reference to “unpleasant memories” is a reminder of the last time that India intervened directly into Sri Lanka, after the signing of the Indo-Lankan Accord in 1987. Under the deal, New Delhi dispatched 150,000 troops to northern Sri Lanka, ostensibly as a peace-keeping force. But the intervention rapidly became a debacle.

The real aim of the Indian “peacekeepers” was to disarm the LTTE and stabilise the shaky Colombo government. Fighting broke out in the north between Indian troops and LTTE fighters, while in the south the government came under intense pressure from a Sinhala chauvinist campaign against the Indian presence. In 1990, President R. Premadasa called for India to remove its military forces from the island.

For the last decade, Indian governments have been wary about any involvement in Sri Lankan affairs. New Delhi refused to come to the assistance of the Sri Lankan military in May 2000, when LTTE forces overran the strategic Elephant Pass and trapped the bulk of the army on the tip of the Jaffna peninsula.

India’s new involvement in Sri Lanka flows, in part, from its growing economic and defence ties with Washington. The Bush administration has called on the Vajpayee government to play a more active regional defence role in South Asia, which lies adjacent to three areas of US strategic interest—China, Central Asia and the Middle East. The US has been pushing for an end to the Sri Lankan conflict, which has long been a

destabilising influence in the region.

In a report to a US Congressional Committee on October 29, US Assistant Secretary of State Christina Rocca declared: “Increasingly intensive Indo-US counterterrorism cooperation reflects the closer relations that the United States seeks across the board with India.” At the same time, Rocca kept up the pressure on the LTTE, declaring that the US would continue to designate it as a terrorist organization, even though it has kept to the 20-month ceasefire with Colombo.

For his part, Wickremesinghe has sought to ingratiate himself with the Bush administration in return for US assistance in bringing the LTTE to heel. During the recent UN General Assembly session, the Sri Lankan prime minister used his speech to openly endorse the criminal US occupation of Iraq, declaring “the US and its allies had no choice but to intervene.... the failure of the United Nations has created the need for a world policeman.”

As Wickremesinghe headed off for talks in Washington this week, the UNF government announced that Sri Lankan engineers and medical staff would join the US occupation forces in Iraq. The UNF government obviously calculates that this token force will help to further strengthen ties with the Bush administration.

Wickremesinghe’s official visit to Washington is the second in just over a year. Prior to that, no Sri Lankan prime minister had been received at the White House for more than two decades. It is a sure indication that strong US pressure is being exerted behind the scenes to ensure that a deal is eventually consummated between the LTTE and Colombo, in line with Washington’s broader economic and strategic plans for the region.



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